



GB Holdings Limited

ABRIDGED AUDITED FINANCIAL RESULTS

for the year ended 31 December 2022



CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

It is my pleasure to present to you the report for the year ended 31 December 2022 in which the domestic economic landscape endured the negative effects of post COVID 19 and the ongoing Russia-Ukraine conflict. Commentary is on inflation adjusted figures.

As the world focused on the remnants of the COVID 19 pandemic and directed effort on recovery, the Russia-Ukraine war escalated without the cessation of conflict in sight. Logistical constraints in the flow of raw materials ensued resulting in unprecedented shortages exacerbated by curtailed exports from producers in their bid to protect own domestic economies. The ripple effect in smaller economies like Zimbabwe was felt through imported USD inflation and wide spread shortages in energy, grain and fertiliser chemicals among others.

Locally, the contractionary monetary measures in the fourth quarter which among others included suspension of payments for services provided to government stemmed the deteriorating exchange rate. Although price stability was achieved in hard currency the year on year inflation soared to 243.8% compared to 61% recorded in the same period prior year. Consequently, aggregate demand declined as disposable incomes were decimated due to the increased dollarization in the economy while at the same time punitive interest rates of plus 200% discouraged borrowings.

Nevertheless, the company continued on its growth path in pursuit of its strategy of delivering a commensurate value proposition to its customers through consistent product quality, competitive pricing and timeous delivery of products. The rubber division consolidated its market positioning while the Chemicals division focused on market recovery post the COVID 19 pandemic while at the same time established new market niches.

Group Performance

Overall volumes at 944 metric tonnes declined from the 1488 metric tonnes recorded in the prior year which included 514 metric tonnes of COVID 19 related business. Total turnover at ZWL 3 billion was an increase of 53% when compared with prior year's ZWL 2 billion attributable to the increased market consolidation and product mix. The company's improved process efficiencies and strong technical partnerships cushioned it against the logistical constraints.

The order book firmed up as consumers of the company's products opted for a local producer as a mitigant against their own supply risk. Despite stiff competition from imports, the company held its own in terms of price, product quality and turnaround times. Gross profit increased by 96% to ZWL 1,6 billion when compared with the prior period's ZWL 846 million due to improved overhead recoveries. Notwithstanding the unrelenting inflation and increased dollarization, operating expenses at ZWL 1.183 billion were 69% above the prior year's 698 million due to cost containment measures in the year. The company posted an operating

profit increase of 274% to ZWL 564 million from the ZWL 151 million recorded in the prior year.

Divisional Performance

General Beltings

The rubber division volumes increased by 22% to 379 metric tonnes when compared with the prior year's same period of 301 metric tonnes driven by the growth recorded in the mining sector. The division was buoyed by a consistent order book and improved throughput despite intermittent shortages of raw material in 2 months of the year. Turnover increased by 114% to ZWL 2.126 billion from the ZWL 995 million recorded in the prior year.

Cernal Chemicals

Cernal Chemicals total volumes at 564 metric tonnes was a decrease of 52% when compared with the prior year's 1178 metric tonnes. The decline in volumes was attributable to depressed aggregate demand and the absence of exceptional COVID 19 business recorded in the prior year. Turnover at ZWL 884 million decreased by 11% from the ZWL 983 million recorded in the prior year.

COVID-19

The company remains alert to the lingering occurrences in China of the disease despite the global efforts made towards containing the pandemic. Employees are continually educated on the mitigation measures on prevention of the spread of the disease at the workplace and beyond. GB Holdings Limited will ensure that employee safety and organisational sustainability are balanced in its approach in the management of the disease. The company will assist where appropriate should such cases arise amongst its employees.

Environmental Social Sustainability & Governance

The company regularly reviews its comprehensive waste water treatment procedures which are aimed at ensuring that discharge is not harmful to the downstream eco-system and aquatic life. The company collaborates and cooperates with the Environmental Management Agency and Complies with all regulations in this regard.

Raw materials for both Divisions are sourced from environmentally conscious partners. Formulations strive to eliminate any substances that have been shown to harm the environment.

Dividend

At their meeting on 30 March 2023, the Board considered the need for additional working capital requirements and resolved not to declare a dividend.

Outlook

Although the pessimism around the Russia-Ukraine conflict was pervasive, the rest of the world sought alternative methods of sourcing raw materials to sustain the growth in production post the COVID 19 pandemic. General Beltings will build on the market confidence and product reliability established in the yesteryears to remain a preferred supplier in its pursuit of delivering commensurate value to its customers. Cernal Chemicals will continue in its effort of market recovery following the COVID 19 restrictions on the back of product quality, innovation and skills retention. Overallly the company expects to deliver an improved performance in 2023 although the supply of power for industrial purposes remains a significant operational risk that threatens the growth momentum thus far.

Appreciation

Our customers, employees, management, stakeholders and the Board were steadfast in the year that presented multiple challenges. I thank you all for the loyalty and support given in the past year and look forward to yet another significant step in our growth and profitability trajectory in 2023.

G. G. NHEMACHENA
Chairman
30 March 2023

AUDITORS' STATEMENT

These abridged financial statements derived from the audited financial statements of GB Holdings Limited for the financial year ended 31 December 2022, should be read together with the complete set of audited financial statements of the Company, for the year ended 31 December 2022, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Trevor Mungwazi, Registered Public Auditor 0622.

A qualified opinion has been issued on the audited financial statements of the Company, for the year then ended. The qualified opinion was issued regarding non-compliance with IAS 21 - The Effects of Changes in Foreign Exchange Rates in the prior financial year, IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and IAS 2 - Inventories.

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the financial statements. The key audit matters were with respect to revenue recognition and adequacy of the allowance for credit losses.

The auditor's report on the financial statements and the full set of the audited inflation adjusted financial statements, is available for inspection at the Company's registered office and the auditor's report has been lodged with the Zimbabwe Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies and other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Company's full year abridged financial statements and related financial information included in this report. It is their responsibility to ensure that the Company's full year abridged financial statements fairly present the state of affairs of the Company as at the end of the year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards.

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME as at 31 December 2022

Notes	Inflation Adjusted		Historical cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Revenue	3 010 706 021	1 977 716 012	2 292 917 615	460 338 834
Cost of sales	(1 350 938 627)	(1 131 548 753)	(1 075 732 353)	(265 451 929)
Gross profit	1 659 767 394	846 167 259	1 217 185 262	194 886 905
Other income	87 106 735	1 948 001	80 064 303	351 972
Operating expenses	(1 183 339 925)	(697 556 677)	(1 042 023 845)	(165 669 026)
Profit from operations	563 534 204	150 558 583	255 225 720	29 569 851
Finance costs	(32 511 082)	(11 374 210)	(22 604 635)	(3 412 550)
Profit before tax and monetary loss	531 023 122	139 184 373	232 621 085	26 157 301
Monetary loss	(272 604 364)	(143 401 303)	-	-
Profit / (loss) before tax	258 418 758	(4 216 930)	232 621 085	26 157 301
Income tax expense	(153 363 194)	(36 202 849)	(60 717 162)	(7 913 747)
Profit / (loss) for the year	105 055 564	(40 419 779)	171 903 923	18 243 554
Other comprehensive income: Revaluation of property, plant and equipment; net of tax	2 466 865 688	-	3 552 679 230	-
Total comprehensive income / (loss) for the year	2 571 921 252	(40 419 779)	3 724 583 153	18 243 554
Number of shares in issue	536 588 624	536 588 624	536 588 624	536 588 624
Basic earnings / (loss) per share (cents)	0.196	(0.075)	0.320	0.034
Diluted earnings / (loss) per share (cents)	0.193	(0.074)	0.317	0.034
Headline earnings / (loss) per share (cents)	0.182	(0.033)	0.317	0.041

ABRIDGED STATEMENT OF FINANCIAL POSITION as at 31 December 2022

Notes	Inflation Adjusted		Historical cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	4 750 549 209	1 462 764 623	4 750 549 209	18 525 195
Current assets				
Inventories	406 793 498	251 860 091	400 698 083	71 002 378
Trade and other receivables	597 216 092	492 480 142	597 216 092	143 262 834
Cash and cash equivalents	49 568 903	65 680 048	49 568 903	19 106 374
	1 053 578 493	810 020 281	1 047 483 078	233 371 586
Total assets	5 804 127 702	2 272 784 904	5 798 032 287	251 896 781
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	98 517 163	98 517 163	536 588	536 588
Share options reserve	3 525 106	3 525 106	19 200	19 200
Revaluation reserve	2 466 865 688	-	3 552 679 230	-
Retained earnings	1 255 042 841	1 149 987 277	220 023 651	48 119 728
	3 823 950 798	1 252 029 546	3 773 258 669	48 675 516
Non-current liabilities				
Deferred tax	1 090 715 078	322 316 384	1 135 311 792	1 770 431
Deferred revenue	-	6 034 842	-	29 965
	1 090 715 078	328 351 226	1 135 311 792	1 800 396
Current liabilities				
Current portion of borrowings	-	157 321 374	-	45 764 903
Trade and other payables	794 042 466	460 871 573	794 042 466	134 067 878
Corporate tax payable	95 419 360	74 211 185	95 419 360	21 588 088
	889 461 826	692 404 132	889 461 826	201 420 869
Total liabilities	1 980 176 904	1 020 755 358	2 024 773 618	203 221 265
Total equity and liabilities	5 804 127 702	2 272 784 904	5 798 032 287	251 896 781

ABRIDGED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2022

	Inflation Adjusted					Total ZWL
	Share capital ZWL	Share option reserve ZWL	Foreign currency translation reserve ZWL	Revaluation reserve ZWL	Retained earnings ZWL	
Balance at 1 January 2021	98 517 163	3 525 106	(17 697 264)	-	1 242 210 621	1 326 555 626
Realisation of foreign currency translation reserve	-	-	17 697 264	-	(17 697 264)	-
Dividend paid	-	-	-	-	(34 106 301)	(34 106 301)
Total comprehensive loss for the year	-	-	-	-	(40 419 779)	(40 419 779)
Balance at 31 December 2021	98 517 163	3 525 106	-	-	1 149 987 277	1 252 029 546
Total comprehensive income for the year	-	-	-	2 466 865 688	105 055 564	2 571 921 252
Balance at 31 December 2022	98 517 163	3 525 106	-	2 466 865 688	1 255 042 841	3 823 950 798
	Historical cost					
Balance at 1 January 2021	536 588	19 200	(712 820)	-	38 229 313	38 072 281
Realisation of foreign currency translation reserve	-	-	712 820	-	(712 820)	-
Dividend paid	-	-	-	-	(7 640 319)	(7 640 319)
Total comprehensive income for the year	-	-	-	-	18 243 554	18 243 554
Balance at 31 December 2021	536 588	19 200	-	-	48 119 728	48 675 516
Total comprehensive income for the year	-	-	-	3 552 679 230	171 903 923	3 724 583 153
Balance at 31 December 2022	536 588	19 200	-	3 552 679 230	220 023 651	220 579 439

ABRIDGED STATEMENT OF CASH FLOWS for the year ended 31 December 2022

	Inflation Adjusted		Historical Cost		
	Notes	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit / (loss) before tax		258 418 758	(4 216 930)	232 621 085	26 157 301
Adjusted for:					
Depreciation charge for the year	7	5 781 540	40 899 873	3 183 501	2 351 832
Interest expense		32 511 082	11 374 210	22 604 635	3 412 550
Deferred revenue	11	(6 352 466)	(317 624)	(29 965)	(1 577)
Monetary loss		272 604 364	143 401 303	-	-
Operating cash inflows before working capital changes		562 963 278	191 140 832	258 379 256	31 920 106
Changes in working capital					
Increase in inventories		(154 933 407)	(16 145 882)	(329 695 705)	(30 138 490)
Decrease / (increase) in trade and other receivables		(104 735 950)	(37 299 387)	(453 953 258)	(61 019 098)
Increase / (decrease) in trade and other payables		333 170 893	(18 192 742)	659 974 588	47 508 773
Cash generated from / (utilised in) operating expenses		636 464 814	119 502 821	134 704 881	(11 728 709)
Income tax paid		(19 952 268)	-	(19 952 268)	-
Net cash generated / (utilised in) from operating activities		616 512 546	119 502 821	114 752 613	(11 728 709)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	7	(16 645 712)	(41 551 971)	(15 920 546)	(13 739 405)
Net cash utilised in from investing activities		(16 645 712)	(41 551 971)	(15 920 546)	(13 739 405)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(32 511 082)	(11 374 210)	(22 604 635)	(3 412 550)
(Decrease)/Increase in borrowings		(45 764 903)	153 087 992	(45 764 903)	45 000 000
Dividend paid		-	(34 106 301)	-	(7 640 319)
Net cash (outflows) / inflows from financing activities		(78 275 985)	107 607 481	(68 369 538)	33 947 131
NET INCREASE IN CASH AND CASH EQUIVALENTS		521 590 849	185 558 331	30 462 529	8 479 017
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		65 680 048	36 532 589	19 106 374	10 627 357
Effects of inflation		(537 701 994)	(156 410 872)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	49 568 903	65 680 048	49 568 903	19 106 374

Notes to the abridged Financial Statements for the year ended 31 December 2022

- Nature of operations**
The main business of the company, which is incorporated in Zimbabwe (Registration Number 510/68), is that of producing rubber and chemical products.
- General information, basis of preparation and statement of compliance with IFRS**
The abridged financial statements are for the year ended 31 December 2022 and are presented in Zimbabwe dollar (ZWL), which is the functional currency of the Company and all values are rounded to the nearest dollar. They are based on historical cost approach and restated to take account of inflation in accordance with International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies) - IAS 29. Accordingly the inflation adjusted abridged financial statements represent the principal abridged financial statements of the Company.

The Company used the price indices provided by the Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors up to 31 December 2022:

	Indices	Conversion factor
CPI on 31 December 2022	13 672.91	1.000
CPI on 31 December 2021	3 977.46	3.438
- New standards adopted at 1 January 2022**
There are no accounting pronouncements which have become effective from 1 January 2022 that have a significant impact on the Company's abridged financial statements.
- Significant accounting policies**
The abridged Financial Statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2021.

5 Statement of Compliance
These financial statements have been prepared under the assumption that the Company operates on a going concern basis.

6 Fair value measurement
The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:-

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument/asset.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices), quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below presents property, plant and equipment and investment property recognised at fair value in the statement of financial position of the entity:

	Inflation Adjusted		Historical Cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Assets measured at fair value				
Land	-	1 062 503 520	-	1 062 503 520
Buildings	-	2		

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

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To the members of GB Holdings Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of GB Holdings Limited set out on pages **10 to 37** which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, financial statements present fairly, in all material respects, the financial position of GB Holdings Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates in the prior financial years and International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimates and Errors

During the prior financial years, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended 31 December 2022.

As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8, some comparative numbers in the financial statements may be misstated. Our opinion on the current year financial statements is modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of the non-compliance with IAS 21 and the non-restatement of the comparative figures in accordance with IAS 8, the retained earnings may contain misstatements.

The effects of the above non-compliance with International Financial Reporting Standards were considered to be material but not pervasive to the financial statements.

Non-compliance with International Accounting Standard (IAS) 2 - Inventories

During the financial year ended 31 December 2022, the General Beltings division did not include costs of conversion, fixed and variable production overheads that are incurred in converting raw materials into finished goods. The division only included the cost of purchase of raw materials in the valuation of finished goods, this accounting treatment constitutes a departure from the requirements of IAS 2 paragraph 10, in that the cost of inventories did not include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The effects of the non-compliance with the requirements of IAS 2 have been considered to be material but not pervasive to the financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements:

Areas of focus	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>There is a presumed fraud risk with regards to revenue recognition as guided by International Standard on Auditing (ISA) 240 - <i>"The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements"</i> Revised. There is a risk that revenues are presented at amounts higher than what has been generated by the Company. This is a significant risk and accordingly a key audit matter.</p>	<p>Our audit procedures incorporated a combination of tests of the Company's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewed that the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15 - '<i>Revenue from contracts with customers</i>'. • Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period. • Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation). • Analytical procedures and assessed the reasonableness of explanations provided by management. <p>We satisfied ourselves that the revenue recognition is appropriate.</p>

Areas of focus	How our audit addressed the key audit matter
<p data-bbox="272 360 796 434">Adequacy of allowance for credit losses on trade receivables</p> <p data-bbox="272 488 796 842">As at 31 December 2022, the Company had trade receivables amounting to ZWL 597 216 092. This was considered to be an area of focus as IFRS 9 requires management to exercise significant judgement using subjective assumptions when determining both timing and amounts of the impairment provision for trade and other receivables.</p> <p data-bbox="272 884 708 916">Key areas of judgement included:</p> <ul data-bbox="320 929 788 1420" style="list-style-type: none"> <li data-bbox="320 929 788 1189">• The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Company’s expected credit loss model; and <li data-bbox="320 1205 788 1420">• Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows. 	<p data-bbox="820 506 1406 584">Assessed management’s allowance for credit losses, which included the following:</p> <ul data-bbox="868 600 1445 1559" style="list-style-type: none"> <li data-bbox="868 600 1445 725">• We performed an assessment of the modelling techniques and methodology used against the requirements of IFRS 9; <li data-bbox="868 741 1445 1099">• We assessed and tested the modelling assumptions with a focus on the: <ul data-bbox="948 831 1445 1099" style="list-style-type: none"> <li data-bbox="948 831 1445 909">i. Key modelling assumptions adopted by the Company. <li data-bbox="948 925 1445 1003">ii. Reliability of the historical data collected; and <li data-bbox="948 1019 1445 1099">iii. appropriateness of macroeconomic factors used. <li data-bbox="868 1115 1445 1473">• We examined a sample of exposures and performed procedures to evaluate the: <ul data-bbox="948 1205 1445 1473" style="list-style-type: none"> <li data-bbox="948 1205 1445 1330">i. Timely identification of exposures with a significant deterioration in credit quality; and <li data-bbox="948 1346 1445 1473">ii. Expected loss calculation for exposures assessed on an individual basis. <li data-bbox="868 1489 1445 1559">• We assessed the adequacy of the disclosures in the financial statements. <p data-bbox="820 1574 1445 1682">Based on our audit work performed, the assumptions used by management were appropriate.</p>

Other information

The Directors are responsible for the other information. The other information comprises the ‘Corporate information’, ‘Directors’ responsibility for financial reporting’, ‘historical cost information’ and ‘Company statements’, which we obtained prior to the date of this auditor’s report. The other information does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we

do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies and Other Business Entities Act [Chapter 24:31] and for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described in the Basis for Qualified opinion section of our report, the financial statements have been properly prepared, in all material respects, in accordance with the accounting policies and comply with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this independent auditor's report is Trevor Mungwazi.

Grant Thornton

Trevor Mungwazi

Partner

Registered Public Auditor (PAAB No: 0622)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

HARARE

30 March 2023